

FREQUENTLY ASKED QUESTIONS

Regulation : Procedures for Auction for State Notes in the Primary Market and Administration of State Notes

Effective : December 7, 2009

Date

1. Q : Who may join the Auction for State Notes (SUN) in the Primary Market?

A : The parties who may join the Auction for State Notes (SUN) in the Primary Market are Transaction Members comprising Main Dealer, Bank Indonesia and/or Indonesian Deposit Insurance Corporation under the following conditions:

- a. Main Dealer, Bank Indonesia and/or Indonesian Deposit Insurance Corporation (LPS), in the event of Auction for State Notes in the form of Treasury Bills (SPN); or
- b. Main Dealer and/or LPS, in the event of Auction for State Notes in the form of State Bond.

2. Q : What is the procedures for the submission of bid?

A : The submission of bid is conducted under the following process:

- a. Competitive Bidding, namely by submitting bid of quantity and discount level or yield or price level;
- b. Non-competitive Bidding, namely by submitting bid of quantity.

3. Q : What is the mechanism for submitting bid by the Main Dealer in the auction for SUN in the Primary Market?

A : Main Dealer may submit bid through the following mechanism:

- a. Bid is submitted for and on its own behalf:
 - the intended bid is submitted by a Competitive Bidding.
- b. Bid is submitted for and on behalf of other party:
 - Competitive Bidding for SPN
 - Competitive Bidding and/or Non-Competitive Bidding for

State Bond.

4. Q : What is the facility used by Bank Indonesia in the Auction for SUN in the Primary Market?
- A : The Auction for SUN in the Primary Market is conducted through BI-SSSS, comprising the following activities, namely announcement of auction, implementation of auction and delivery of information on auction results. Bank Indonesia may use the LHBUS System and/or other means of communication used by Bank Indonesia to deliver the intended information on auction results.
5. Q : What is the mechanism of settlement of the SUN Auction results for Transaction Members other than Bank?
- A : The aforementioned Transaction Members must designate a Sub-Registry to make securities settlement as a result of the Auction for SUN. The Sub-Registry designated by the intended Transaction Members other than Bank shall designate a Paying Bank to make fund settlement.
6. Q : When will the settlement of SUN transaction be executed?
- A : SUN transaction settlement will be executed as follows:
- a. **SUN Auction in the Primary Market:** The settlement of SPN transaction will be executed by no later than 2 business days as of the date of SUN Auction (T+2) and the settlement ON transaction will be executed by no later than 5 business days as of the date of SUN Auction (T+5);
 - b. **SUN Lending Facility:** 2 days after the application is approved by the Minister *c.q.* DJPU (T+2);
 - c. **ORI Transaction:** 2 days after the decision on result of ORI allotment in the Primary Market (T+2);
 - d. **Direct SUN Transaction:** 2 days after the transaction date (T+2).
 - e. **Private Placement Transaction:** not less than 2 (two) business days and not exceeding 5 (five) business days as of the date of

transaction agreement.

7. Q : How is the settlement of ORI transaction?

A : Fund settlement is executed by Bank Indonesia by debiting the designated Paying Bank's Giro Account while the settlement of securities is executed by crediting the securities account of the Sub-Registry designated by individual investors purchasing ORI in the amount of the nominal value of SUN.

8. Q : What is the procedures for the payment for State Bond coupon and/or the settlement of SUN principal?

A : The payment for State Bond coupon and/or the settlement of SUN principal is based on the position of SUN ownership registration with the Central Registry 2 business days prior to the due date of the State Bond coupon and/or SUN principal (T-2).

On the same day, the Sub-Registry is required to pay for the State Bond coupon and/or SUN principal by crediting the client's account.